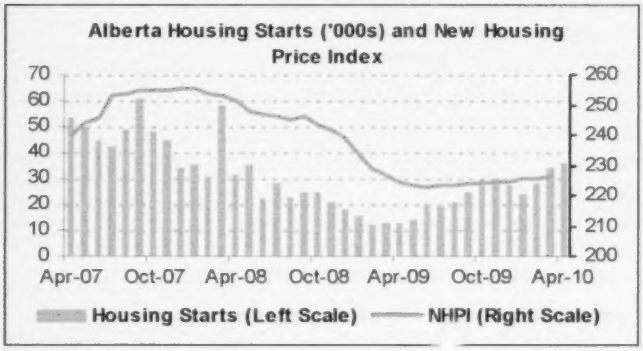
New Housing Market

Housing starts continue to normalize…

New housing starts in Alberta rose 4.7% in April to 35,700 units (seasonally adjusted at annual rates), following a 20.5% increase in the previous month. The current level marks a significant improvement over April 2009, when starts were near their cyclical low. Housing starts are now in line with the 10-year average of 35,600 units. Nationally, housing starts rose slightly (1.3%) in April and appear to be leveling off around the 200,000 mark.



Prices remain stable…

The New Housing Price Index (NHPI) for Alberta rose 0.1% between February and March, continuing the gradual upward trend which began after prices bottomed out in June 2009. However, the pace of increase has slowed in the past two months as prices continue to stabilize. Despite the recent improvements, the NHPI for Alberta remains 11.4% below its pre-recession peak in December 2007. Nationally, new house prices continued to rise for the ninth consecutive month in March and were 1.6% higher than a year earlier.

Global Markets

Commodity prices decline on Euro debt fears…

Elevated sovereign debt concerns continued to weigh on global equity and commodity markets this week. Although the $1 trillion IMF/EU rescue plan calmed markets initially, investors remain skeptical as the fiscal austerity measures could slow down the global economic recovery. Canada is directly impacted through the increased volatility in exchange rates. The Canadian dollar surged nearly 17% against the Euro this year and the effects will very likely be felt in the trade sector, as the European Union accounts for 9.6% of Canada's total exports. As well, commodity prices have been hit hard with crude oil closing at US$71.61/barrel today.

Canadian Dollar (US¢/C$)	
May 14, 2010	96.67
May 7, 2010	95.87
2010-11 YTD	98.84
WTI Oil US$/bbl	
May 13, 2010	$ 74.40
May 6, 2010	$ 77.11
2010-11 YTD	$ 82.68
Nymex Natural Gas C$/MMBtu*	
Near-month Contract	
May 14, 2010	$ 4.34
May 7, 2010	$ 4.09

*Estimate based on Nymex Futures Market Price

Manufacturing Shipments

Slight growth recorded in March…

Manufacturing shipments in Alberta rose 0.9% (seasonally adjusted) in March to just over $5.1 billion. Sales have generally been on an uptrend since August 2009 and the current level marks an 18.5% improvement from the recession low of July 2009.

New Motor Vehicle Sales

Sales decline in March …

After three months of gains, new motor vehicle sales in Alberta declined 5.6% in March to 16,571 (seasonally adjusted). Compared to a year earlier at the height of the recession, sales were up 11.5%. However, the current level remains well below pre-recession levels as well as the 10-year average of 17,640.

International Merchandise Trade

Volatile energy prices narrows trade surplus…

Canada's trade surplus with the world decreased from $1.2 billion in February to $254 million in March. The value of total exports declined 0.7% while imports grew by 2.0%. Exports of energy products, which account for nearly a quarter of Canada's total exports, declined 6.6%, the largest monthly decrease in percentage terms since April 2009. This was entirely due to lower energy prices which declined 6.9%. Excluding energy products, overall exports rose 1.3%, reflecting the vulnerability of the export sector to volatile energy prices. On the import side, the rise in demand is consistent with the robust recovery in Canada's domestic economy. Overall, the trade sector has improved significantly in the last few months, but exports remain well below pre-recession levels, reflecting the weakness in US demand.

Current Economic Indicators

	2008	2009	2010YTD*	Nov	Dec	Jan	Feb	Mar	Apr
Population									
Population[1] (000's) (level)	3,596	3,688	3,708	--	--	3,712	--	--	--
% change	2.4	2.6	2.1	--	--	1.9	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-5,315	--	--	-2,780	--	--	--
Net International Migration[1] (level)	20,039	20,074	12,696	--	--	4,720	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	1,014	--	--	-1,425	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,977	1,988	1,995	1,988	1,973	1,969	1,979
% change	2.8	-1.3	-1.0	-2.3	-1.0	-1.6	-1.0	-1.0	-0.4
Unemployment Rate (%)	3.6	6.6	7.1	7.1	6.6	6.6	6.9	7.5	7.4
Participation Rate (%)	74.7	74.3	73.3	74.0	73.8	73.4	73.0	73.2	73.4
Average Weekly Earnings ($)	923.21	950.13	976.58	962.54	949.32	963.38	989.77	--	--
% change	6.0	2.9	2.1	0.9	0.2	1.6	2.5	--	--
Price Indices									
Consumer Price Index	3.1	-0.1	1.2	0.8	0.6	1.7	1.0	1.0	--
Excluding food and energy	2.1	1.4	1.0	1.0	0.7	1.1	1.3	0.8	--
Non-Res. Const. Cost Index[2] (quarterly)	13.2	-9.8	--	--	-11.2	--	--	--	--
Farm Product Price Index	11.5	-11.3*	--	--	--	--	--	--	--
Crops	26.7	-22.9*	--	--	--	--	--	--	--
Livestock	2.1	-0.8*	--	--	--	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's) NEW!	29.2	20.0	30.6	30.1	27.6	24.2	28.3	34.1	35.7
% change	-39.6	-31.6	130.3	46.1	54.2	55.1	139.8	166.4	176.7
New Housing Price Index NEW!	0.7	-9.0	-1.7	-7.1	-6.3	-3.6	-1.4	-0.2	--
Edmonton	1.0	-11.2	-4.1	-9.8	-9.4	-6.5	-3.3	-2.4	--
Calgary	0.6	-6.7	0.6	-4.2	-3.1	-0.6	0.4	2.0	--
MLS Average Resale Prices ($ 000's)	351.4	340.5	349.9	356.4	355.5	344.3	348.2	357.2	--
% change	-1.5	-3.1	7.3	3.4	7.5	6.4	5.1	10.3	--
Edmonton	330.8	319.1	330.0	335.6	333.4	322.7	327.6	339.8	--
% change	-2.0	-3.5	4.2	0.0	2.6	-0.7	2.6	11.0	--
Calgary	401.1	384.3	392.9	405.6	400.3	386.4	395.1	397.3	--
% change	-2.9	-4.2	6.6	4.4	8.8	5.5	5.2	9.0	--
Retail Sales[3]	0.2	-8.3	3.3	-6.4	1.9	1.0	5.9	--	--
New Motor Vehicle Sales NEW!	-7.3	-21.7	11.1	-21.5	2.7	-4.8	24.0	15.4	--
Consumer Bankruptcies	6,066	9,986	1321	686	634	684	637	--	--
% change	27.2	64.6	-5.8	15.3	4.6	-1.7	-9.8	--	--
Business Sector									
Rigs Drilling	236	128	227	152	227	287	339	219	62
% change	-2.1	-45.6	39.7	-35.6	-3.8	9.3	42.3	103.5	51.9
Goods Exports (customs based)	34.6	-39.2*	--	--	--	--	--	--	--
Energy	42.5	-44.1*	--	--	--	--	--	--	--
Agriculture	32.0	-7.4*	--	--	--	--	--	--	--
Total Farm Cash Receipts (quarterly)	17.2	-6.7*	--	--	--	--	--	--	--
Manufacturing Shipments NEW!	7.0	-21.6	5.0	-12.3	-3.5	-0.3	3.9	11.2	--
Wholesale Trade[4]	9.5	-15.9	-7.8	-19.0	-13.7	-12.2	-3.0	--	--
Building Permits	-16.5	-14.2	46.4	8.3	57.0	32.1	69.1	41.5	--
Residential	-31.5	-11.8	129.2	50.6	57.1	156.4	172.1	91.2	--
Non-residential	3.7	-16.3	-6.5	-19.7	56.9	-25.9	4.3	2.2	--
Business Bankruptcies	447	405	57	32	32	27	30	--	--
% change	-0.4	-9.4	-31.3	-28.9	6.7	-30.8	-31.8	--	--

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* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

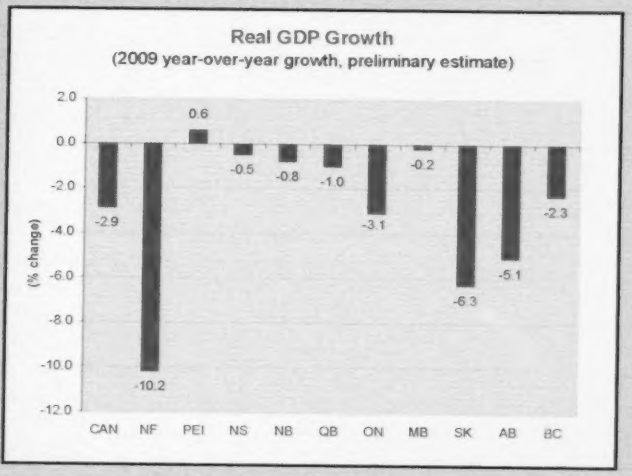
[2] Average of Calgary and Edmonton

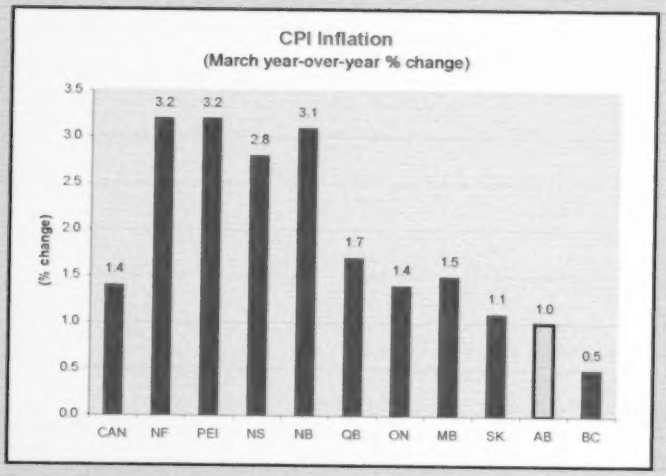
[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

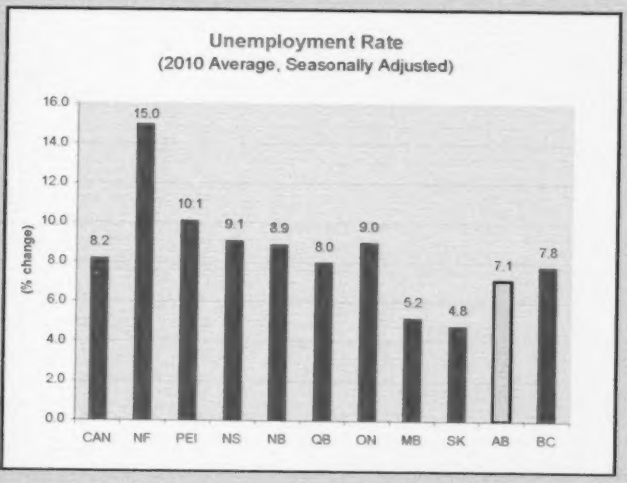
[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

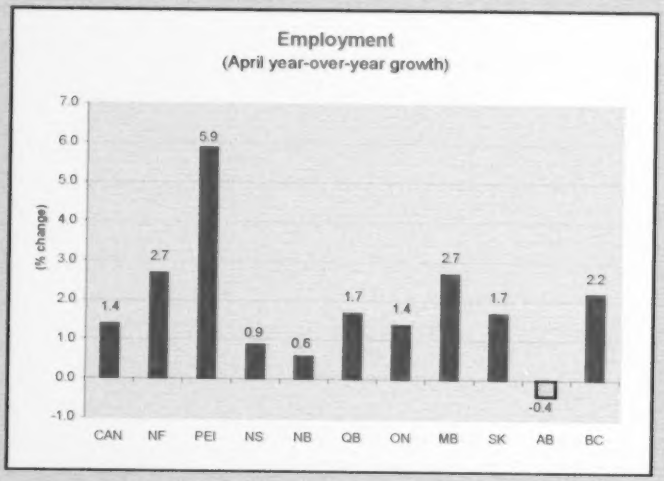
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

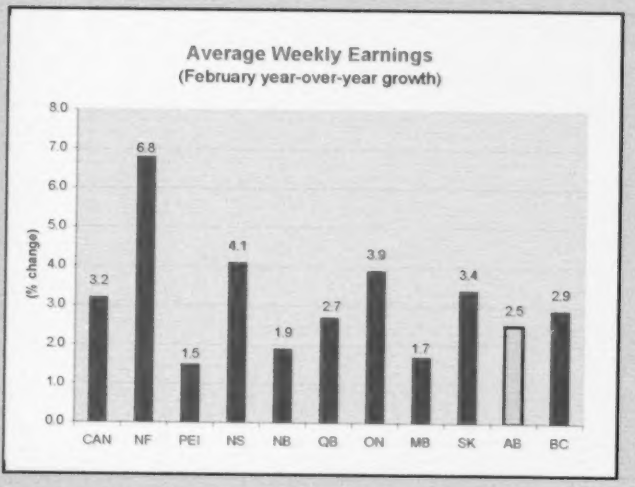
Current Economic Indicators by Province

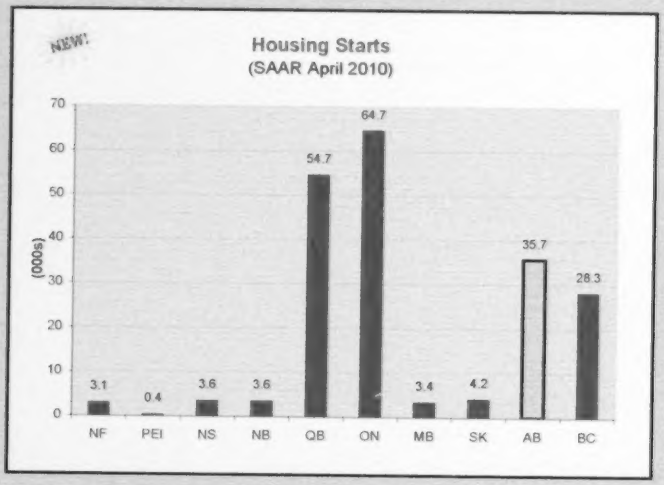












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